



Simpsons-Sears Limited and consolidated subsidiary companies
Annual Report for the fiscal year ended January 3, 1973.

Directors

William D. Allport
Crowdus Baker
Jack C. Barrow
G. Allan Burton
James W. Button
Austin T. Cushman
John F. Gallagher
Charles L. Gundy
Jack F. Kincannon
Gordon M. Metcalf
Douglas J. Peacher
William P. Scott
Charles B. Stewart
James M. Tory

Officers

Jack C. Barrow	Chairman of the Board and Chief Executive Officer
Douglas J. Peacher	President and Chairman of Finance Committee
Alex Campbell	Vice-President, Operating
Norman S. Cuthbert	Vice-President, Public Relations
H. Alexander King	Vice-President, Personnel
Joseph R. O'Kell	Vice-President and Secretary
Morgan Reid	Vice-President, Planning and Development
C. Richard Sharpe	Vice-President, Merchandising
Frederick R. Southmayd	Vice-President, Finance
James F. Anderson	Treasurer
J. J. Michael Eagan	Assistant Secretary

Head Office 222 Jarvis Street, Toronto, Canada M5B 2B8

Transfer Agent and Registrar The Royal Trust Company, Toronto, Ont.; Montreal, P.Q.; Calgary, Alta.

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Catalogue Centres	Halifax, Nova Scotia	Toronto, Ontario	Regina, Saskatchewan	Vancouver, British Columbia
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Catalogue Sales Offices 575 Sales Offices across Canada

Retail Stores (43)	Edmonton, Alberta (3 stores*)	Moncton, New Brunswick	Saint John, New Brunswick
Belleville, Ontario	*Bonnie Doon	Moose Jaw, Saskatchewan	Sarnia, Ontario
Burlington, Ontario	*Meadowlark	Nanaimo, British Columbia	Saskatoon, Saskatchewan
Burnaby, British Columbia	*Park Plaza	Oshawa, Ontario	Sault Ste. Marie, Ontario
Calgary, Alberta (2 stores*)	Fredericton, New Brunswick	Ottawa, Ontario (2 stores*)	St. Catharines, Ontario
*North Hill	Guelph, Ontario	*Carlingwood	St. John's, Newfoundland
*Chinook-Ridge	Hamilton, Ontario	*St. Laurent	Surrey, British Columbia
Chicoutimi, Quebec	Hull, Quebec	Peterborough, Ontario	Thunder Bay, Ontario
Dundas, Ontario	Kamloops, British Columbia	Prince Albert, Saskatchewan	Trois Rivières, Quebec
	Kelowna, British Columbia	Quebec City, Quebec (2 stores*)	Victoria, British Columbia
	Kingston, Ontario	*Fleur De Lys	Windsor, Ontario
	Kitchener, Ontario	*Place Laurier	Winnipeg, Manitoba (2 stores*)
	Lethbridge, Alberta	Richmond, British Columbia	*Polo Park
			*Garden City

Highlights

	1972	1971
Net sales	\$894,066,000	\$765,778,000
Net earnings	26,252,000	18,951,000
*Per share	1.61	1.21
Dividends declared	7,991,000	7,562,000
Per share .....	.48	.48
Shareholders' equity (book value end of year)	215,153,000	170,283,000
Per share	12.91	10.83
Municipal realty and business taxes	8,365,000	6,946,000
Federal and provincial income taxes	23,695,000	19,385,000
Provision for depreciation	12,422,000	11,125,000
Contributions to Simpsons-Sears Profit Sharing Retirement Fund and Canada and Quebec Pension Plans	5,550,000	4,403,000
Expenditures for fixed assets	34,547,000	29,525,000

*Based on weighted average of shares outstanding during the year.



Jack C. Barrow, Chairman of the Board



Douglas J. Peacher, President

Report to Shareholders

In 1972 your Company established record levels of sales and profits.

Consolidated net sales for the year increased by 16.8% to \$894,066,000 compared with \$765,778,000 in 1971.

Net earnings for 1972 were \$26,252,000 or \$1.61 per share compared to \$18,951,000 or \$1.21 per share a year earlier, both calculated on the weighted average of shares outstanding during the year. These results were after all expenses including the Company contribution to the Profit Sharing Retirement Fund.

Quarterly dividends of 12¢ per share were declared for a total of 48¢ during the year, the same as in 1971.

The Company contribution to Simpsons-Sears Profit Sharing Retirement Fund, based on profits during the year, totalled \$3,650,000 and this was in addition to \$1,900,000 paid by the Company as its contribution to the Canada and Quebec Pension Plans. For the previous year, comparable figures were \$2,763,000 contributed to the Profit Sharing Retirement Fund and \$1,640,000 to the Canada and Quebec Pension Plans.

In May of 1972 rights were issued to all holders of Class A, Class B and Class C shares to purchase one additional share of the Class held for each 19 rights received. This added \$24.5 million to the capital funds of the Company and an additional \$25 million was borrowed by the issue of Simpsons-Sears Acceptance Company Secured Debentures Series K, dated May 15, 1972.

In 1972, retail stores were opened at Surrey, British Columbia and Hull, Quebec. Expansion and refurbishing plans in the Ottawa Carlingwood Retail Store and in the Toronto, Halifax and Regina Catalogue Centres were completed on schedule and the first stage of the new merchandise distribution centre in Vancouver was completed and occupied.

Further retail store openings have been announced for Barrie, Mississauga, and Sault Ste. Marie in Ontario and Sherbrooke in Quebec during 1973.

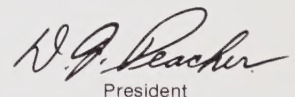
An important development during the year was the announcement of a change in the philosophy of Simpsons-Sears Limited, Simpsons, Limited and Sears, Roebuck and Co. in regard to the agreement made in 1952 affecting the locations of new stores. This change provides that, by mutual agreement, any city in Canada may be served by either a Simpsons-Sears or a Simpsons store or both, as appropriate. A new and exciting phase in development for both Companies is anticipated as a result of this decision.

During the year, Mr. E. A. Pickering retired after more than 32 years of valuable service to the Company. Mr. Alex Campbell, who was formerly Vice-President, Retail was appointed to a newly created position as Vice-President, Operating in which assignment he was made responsible for all operating activities in the Company.

The high degree of success attained by the Company in its operations for the year was made possible by the dedication, abilities and efforts of our employees and we express our gratitude to them.

We again say thanks to our customers for their loyalty and support and we renew our pledge to them that we will do our best to continue to merit their confidence.


Chairman

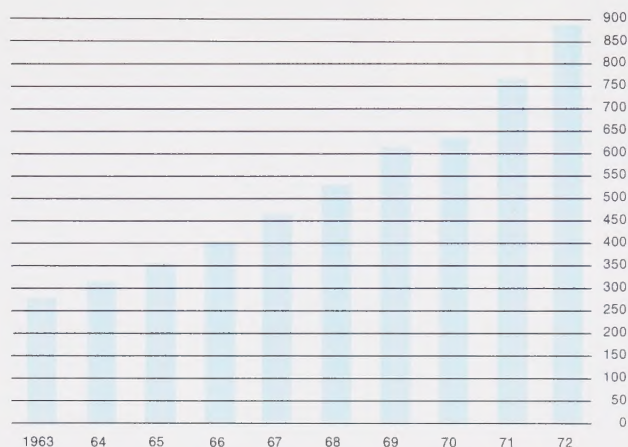

President

March 19, 1973

Sales

millions of dollars

Consolidated net sales of \$894,066,000 in 1972 showed an increase of 16.8% over 1971. This made a compounded average increase of 13.0% per year in the ten-year period 1963 to 1972.

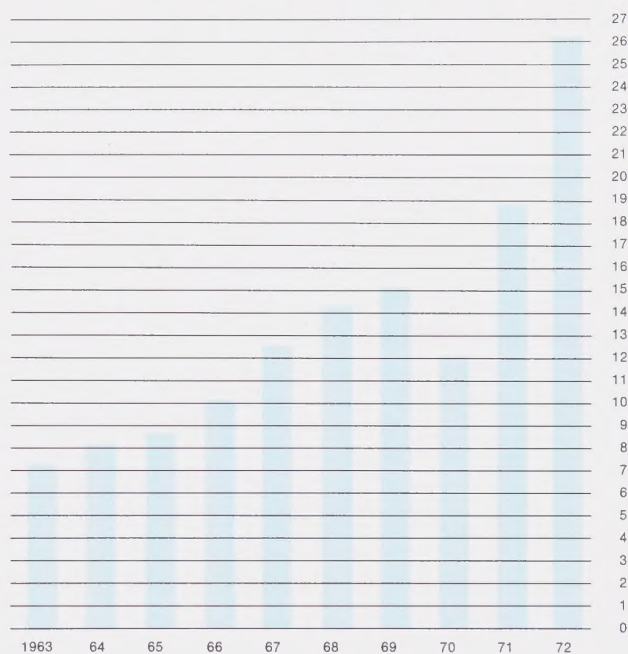


Earnings

millions of dollars

Consolidated net earnings, after taxes, which amounted to \$26,252,000 in 1972 showed an increase of 38.5% from 1971 and this made a compounded average yearly increase of 15.7% for the ten years 1963 to 1972.

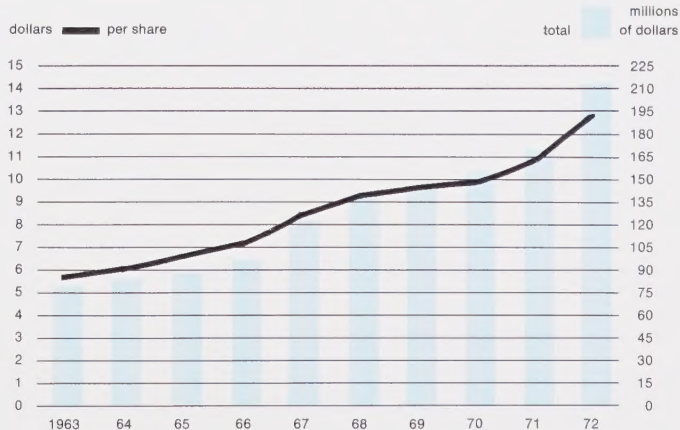
Earnings per share, based on the weighted average of shares outstanding during the year, were \$1.61 in 1972 compared with \$1.21 in 1971 and 46¢ in 1962.



Shareholders' Equity

(book value)

Total shareholders' equity increased from \$75,409,000 at the end of 1962 to \$215,153,000 at the end of 1972 and shows a compounded average annual growth of 11.1% over the ten-year period. Equity per share, which was \$5.64 at the end of 1962, increased to \$12.91 at the end of 1972.







Increased sales figures show that in 1972, more people than ever before shopped at Simpsons-Sears. We believe that this is largely due to our consumer-oriented approach in measuring customers' needs and wants, then translating them into desirable, saleable merchandise.

Our creative merchants work closely with company researchers and developers in the design of many products, concentrating on customer benefits, improved performance and durability. They then use unique buying skills to supply the Canadian consumer with quality merchandise at everyday low prices. It is interesting to note that over 85% of all the merchandise we sell is bought in Canada.

To ensure our policy of promotion from within, personnel training and development is related to the individual employee. Through Profit Sharing, the employee becomes a shareholder with an investment in the Company and a very personal interest in serving the customer.

We strive for the personal touch in service and shopping convenience through our retail stores, catalogue sales offices and catalogues. We offer facilities for telephone ordering, credit accounts and delivery service.

Our concern for the customer does not end with the sale—we guarantee installation, and **WE SERVICE WHAT WE SELL**; behind everything stands Simpsons-Sears guarantee: **'SATISFACTION OR MONEY REFUNDED'**.

Consolidated Statements of Earnings and Retained Earnings

	For Fiscal Year Ended January 3, 1973	For Fiscal Year Ended January 5, 1972
Consolidated Earnings		
Net sales	\$894,065,705	\$765,777,592
Dividends and other income	508,098	438,921
	<u>894,573,803</u>	<u>766,216,513</u>
Deduct:		
Cost of merchandise sold and all expenses, except the items shown below	799,339,655	689,209,771
Provision for depreciation	12,422,198	11,125,498
Interest on long term debt (including amortization of discount and expense)	16,029,873	14,518,091
Other interest	2,920,753	1,677,564
Municipal realty and business taxes	8,365,078	6,946,266
Contribution to Simpsons-Sears Profit Sharing Retirement Fund	3,649,998	2,763,068
Contributions to Canada and Quebec Pension Plans	1,899,627	1,640,264
	<u>844,627,182</u>	<u>727,880,522</u>
Earnings before provision for income taxes	49,946,621	38,335,991
Provision for income taxes (Note 6)	23,695,000	19,385,000
Net earnings for the fiscal year	<u>\$ 26,251,621</u>	<u>\$ 18,950,991</u>
Net earnings per share	<u>\$ 1.61</u>	<u>\$ 1.21</u>
 Consolidated Retained Earnings		
Balance at beginning of year	\$ 87,966,694	\$ 76,577,612
Net earnings for the fiscal year	26,251,621	18,950,991
	<u>114,218,315</u>	<u>95,528,603</u>
Dividends declared	7,990,572	7,561,909
(1972 48¢ per share, 1971 48¢ per share)		
Balance at end of year	<u>\$106,227,743</u>	<u>\$ 87,966,694</u>

Consolidated Statement of Source and Application of Funds

	For Fiscal Year Ended January 3, 1973	For Fiscal Year Ended January 5, 1972
Source of Funds		
Net earnings for the year	\$ 26,251,621	\$ 18,950,991
Non-cash charges deducted in arriving at net earnings, principally depreciation and deferred income taxes	13,555,104	14,632,600
Funds provided from operations	39,806,725	33,583,591
Proceeds from sale of bonds and debentures	24,523,142	29,382,595
Receipts on sales of capital stock (Note 7)	26,868,553	2,003,967
Decrease in investments and advances	422,014	(2,537,536)
Disposal of fixed assets	2,480,924	1,357,792
	<u>94,101,358</u>	<u>63,790,409</u>
Application of Funds		
Expenditures for fixed assets	34,546,788	29,524,749
Retirement of long term debt	5,387,063	1,691,059
Dividends declared	7,990,572	7,561,909
	<u>47,924,423</u>	<u>38,777,717</u>
Resulting in an increase in working capital of	\$ 46,176,935	\$ 25,012,692
Working capital at end of year	<u>\$273,876,655</u>	<u>\$227,699,720</u>

Auditors' Report

To the Shareholders of Simpsons-Sears Limited:

We have examined the consolidated balance sheet of Simpsons-Sears Limited and its consolidated subsidiaries as at January 3, 1973 and the consolidated statements of earnings, retained earnings and source and application of funds for the fiscal year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at January 3, 1973 and the results of their operations and the source and application of their funds for the fiscal year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.


Chartered Accountants

Toronto, March 9, 1973

Consolidated Balance Sheet

Assets

	At Fiscal Year-end January 3, 1973	At Fiscal Year-end January 5, 1972
Current Assets		
Cash	\$ 11,316,373	\$ 5,795,630
Accounts receivable (Note 2)	257,434,170	220,966,229
Inventories valued at the lower of approximate cost or realizable value	164,141,878	136,564,345
Prepaid advertising and other charges	15,083,078	13,173,548
	<u>447,975,499</u>	<u>376,499,752</u>
Investments and Other Assets		
Investments and advances, at cost (Note 3)	11,565,599	11,987,613
Notes receivable on sales of Class A shares of Simpsons-Sears Limited under the Employees' Stock Purchase Plan	5,437,339	5,696,228
	<u>17,002,938</u>	<u>17,683,841</u>
Fixed Assets, at cost		
Land	15,237,609	15,503,097
Buildings and improvements	130,313,946	115,889,332
Equipment and fixtures	72,412,247	59,647,634
	<u>217,963,802</u>	<u>191,040,063</u>
Less accumulated depreciation	52,349,265	45,069,192
	<u>165,614,537</u>	<u>145,970,871</u>
Unamortized Bond and Debenture Discount and Expense	<u>2,860,562</u>	<u>2,764,610</u>
	<u>\$633,453,536</u>	<u>\$542,919,074</u>

Liabilities

	At Fiscal Year-end January 3, 1973	At Fiscal Year-end January 5, 1972
Current Liabilities		
Demand and short term notes (Note 5)	\$ 65,345,000	\$ 51,422,000
Accounts payable	59,507,322	58,826,621
Accrued wages, rent, interest, etc.	24,156,485	20,111,469
Income and other taxes	16,253,479	13,362,232
Contribution payable to Simpsons-Sears Profit Sharing Retirement Fund	3,649,998	2,763,068
Principal payments on long term debt due within one year	3,186,563	422,559
Dividend payable March 15, 1973	1,999,997	1,892,083
	<u>174,098,844</u>	<u>148,800,032</u>
Long Term Debt (Note 4)	<u>231,079,454</u>	<u>211,466,517</u>
Deferred Income Taxes (Note 6)	<u>13,122,000</u>	<u>12,370,000</u>
	<u>418,300,298</u>	<u>372,636,549</u>

Shareholders' Equity

Capital Stock (Note 7)

Authorized shares of no par value—

3,600,000 Class A shares

7,200,000 Class B shares

7,200,000 Class C shares

Issued—

2,766,505 Class A shares 33,430,783 27,315,831

6,947,368 Class B shares 37,747,356 27,500,000

6,947,368 Class C shares 37,747,356 27,500,000

108,925,495 82,315,831

Retained Earnings 106,227,743 87,966,694

215,153,238 170,282,525

\$633,453,536 \$542,919,074

Notes to Consolidated Financial Statements

1. Principles of Consolidation:

The consolidated financial statements include the accounts of all subsidiaries except those of St. Laurent Shopping Centre Limited, a partly-owned subsidiary, which are not consolidated because the interest of Simpsons-Sears Limited in its net assets and earnings is not significant.

The accounts of Simpsons-Sears Properties Limited, a company owning properties on long term lease to Simpsons-Sears Limited and for future development, are included in the consolidated financial statements. The voting shares of this company, issued for a nominal amount, are owned 50% by Simpsons-Sears Limited, 25% by Simpsons, Limited and 25% by Sears, Roebuck and Co.; the balance of the equity capital comprising non-voting participating preference shares is entirely owned by Simpsons-Sears Limited. The book equity and share of earnings attributable to the 50% of the voting shares not owned by Simpsons-Sears Limited are insignificant and have not been separately reported in the consolidated financial statements.

2. Accounts Receivable:

	January 3, 1973	January 5, 1972
Customer instalment accounts	\$237,700,345	\$207,748,495
Miscellaneous accounts	28,659,938	21,018,781
	<u>266,360,283</u>	<u>228,767,276</u>
Less allowance for doubtful accounts	8,926,113	7,801,047
	<u>\$257,434,170</u>	<u>\$220,966,229</u>

In accordance with recognized trade practices, customer instalment accounts include amounts which will not become due within one year.

3. Investments and Advances:

Partly-owned subsidiary not consolidated—65% share interest and income notes of St. Laurent Shopping Centre Limited	\$ 2,671,750	\$ 2,671,650
Investments in securities of other companies including a 25% share interest in Allstate Insurance Company of Canada and Allstate Life Insurance Company of Canada, a 47% share interest in Photo Engravers and Electrotypers Limited and a 20% share interest in John Inglis Co. Limited	8,122,273	8,022,790
Other investments and advances	771,576	1,293,173
	<u>\$ 11,565,599</u>	<u>\$ 11,987,613</u>

4. Long Term Debt:

Simpsons-Sears Limited First Mortgage Bonds—		
4¾% Series A due April 1, 1973	\$ —	\$ 2,757,500
4½% Series B due April 1, 1979	3,438,500	3,702,000
5½% Series C due August 15, 1985	8,002,000	9,000,000
7¼% Series D due February 15, 1991	30,000,000	30,000,000
Simpsons-Sears Limited 4½% Convertible Debentures due October 15, 1988	19,075,000	20,000,000
	<u>60,515,500</u>	<u>65,459,500</u>
Simpsons-Sears Acceptance Company Limited Secured Debentures—		
6¾% Series B due February 1, 1980	20,000,000	20,000,000
5½% Series C due February 1, 1980 (U.S. \$5,000,000)	4,879,695	4,879,695
5¼% Series D due July 1, 1981	15,000,000	15,000,000
5½% Series E due March 1, 1985	10,000,000	10,000,000
6¼% Series F due March 1, 1986	10,000,000	10,000,000
7% Series G—\$2,800,000 due November 1, 1976 and \$12,200,000 due November 1, 1986	15,000,000	15,000,000
7¼% Series H—\$2,600,000 due August 15, 1977 and \$12,400,000 due August 15, 1987	15,000,000	15,000,000
8½% Series I due June 15, 1974	11,300,000	11,300,000
8¼% Series I due June 15, 1989	8,700,000	8,700,000
9½% Series J due February 1, 1990	22,500,000	22,500,000
8¼% Series K due May 15, 1992	25,000,000	—
	<u>157,379,695</u>	<u>132,379,695</u>
Simpsons-Sears Properties Limited mortgage and bond indebtedness—		
4% to 6% payable in monthly instalments of principal and interest and maturing at various dates from 1985 to 1998, including \$10,980,259 (U.S. \$10,229,062) payable in U.S. funds	13,184,259	13,627,322
	<u>\$231,079,454</u>	<u>\$211,466,517</u>

Principal payments on long term debt due within one year, consisting of \$2,743,500 4½% Series A First Mortgage Bonds of Simpsons-Sears Limited due April 1, 1973 and \$443,063 of mortgage and bond indebtedness of Simpsons-Sears Properties Limited, is included in current liabilities. Subsequent to 1973, principal payments required on long term debt for the years shown are as follows. 1974—\$12,079,969; 1975—\$1,611,821 (excluding the 9½% Secured Debentures Series J referred to below); 1976—\$4,436,165; 1977—\$5,761,550.

The 4½% Convertible Debentures are convertible at the holder's option at any time up to October 15, 1978 into 28¼ Class A shares per \$1,000 principal amount of debentures.

The holder of any of the 9½% Secured Debentures Series J of Simpsons-Sears Acceptance Company Limited may elect, after August 1, 1973 and before August 1, 1974, that such debentures mature on February 1, 1975.

5. Demand and Short Term Notes:

These notes include at January 3, 1973 demand notes of \$17,945,000 payable to banks secured by the pledge of Secured Debentures Series A of Simpsons-Sears Acceptance Company Limited.

6. Deferred Income Taxes:

Depreciation and other expenses deductible in computing income taxes for the fiscal year ended January 3, 1973 exceed the amount of such expenses recorded in the accounts. The resulting reduction of \$2,593,000 in income taxes currently payable has been charged to earnings as part of the provision for income taxes and classified as deferred income taxes.

The portion of deferred income taxes relating to prepaid advertising and other charges forming part of current assets and amounting to \$1,841,000, has been included in current liabilities with income and other taxes.

7. Capital Stock:

By supplementary letters patent dated April 10, 1972, the authorized capital was increased to 3,600,000 Class A shares, 7,200,000 Class B shares and 7,200,000 Class C shares.

By the exercise of rights issued to shareholders to subscribe for one additional share at the price of \$29.50 for each nineteen shares held on April 24, 1972, 134,852 Class A shares, 347,368 Class B shares and 347,368 Class C shares were issued on June 1, 1972 for \$24,472,846. In addition, during the fiscal year ended January 3, 1973, \$925,000 principal amount of 4½% Convertible Debentures were converted into 26,095 Class A shares, 8,150 Class A shares were issued to Simpsons-Sears Profit Sharing Retirement Fund for \$263,541, 35,200 Class A shares were issued under the Employees Stock Purchase Plan for \$941,600 and 400 Class A shares were issued on the exercise of options held by employees for \$7,300. The shares issued to Simpsons-Sears Profit Sharing Retirement Fund and under the Employees Stock Purchase Plan were issued at market value at time of issue.

As at January 3, 1973 options were held by employees, other than officers or directors, to subscribe for 900 Class A shares at \$18.25 per share.

The three classes of shares rank equally in all respects except that the Class A shares are non-voting and are entitled to a non-cumulative preferential dividend of 8½¢ per share in any year. After payment of a similar dividend to the holders of the Class B and Class C shares all three classes rank equally as to dividends. The Class A shares are listed on the Toronto and Montreal Stock Exchanges. The Class B shares are owned by Simpsons, Limited and the Class C shares by Sears, Roebuck and Co.

8. Commitments and Contingent Liabilities:

The unfunded obligation for past service under the Company's non-contributory pension plan, estimated by independent actuaries to be approximately \$8,786,000 at January 3, 1973, is to be amortized by annual payments through 1989.

Annual rentals under long term leases (leases for a period of more than five years) amount to approximately \$5,400,000. For the most part these rentals are on leases for periods of from 20 to 35 years.

Simpsons-Sears Limited has unconditionally guaranteed \$15,395,000 principal amount of 8% First Mortgage Sinking Fund Bonds due June 1, 1993 of St. Laurent Shopping Centre Limited. Simpsons-Sears Limited has a 65% share interest in St. Laurent Shopping Centre Limited and leases a major department store in the shopping centre.

9. Remuneration of Directors and Officers:

For the fiscal year ended January 3, 1973 five directors received remuneration amounting to \$28,400 (1971—\$27,132); the remaining nine directors received no remuneration as directors. The remuneration of thirteen officers, two of whom are also directors, amounted to \$1,137,687 (1971—\$934,855).

Ten Year Summary

	1972	1971	1970	1969	1968 53 weeks	1967	1966	1965	1964	1963 53 weeks
Results for the year (in thousands)										
Net sales	\$894,066	\$765,778	\$646,888	\$615,011	\$540,663	\$470,298	\$407,759	\$351,708	\$315,135	\$282,042
Provision for depreciation	12,422	11,125	7,705	6,338	5,170	5,351	4,520	4,282	4,016	3,196
Earnings before income taxes	49,947	38,336	24,940	30,844	30,100	26,167	21,106	17,665	16,880	14,750
Provision for income taxes	23,695	19,385	12,739	15,626	15,680	13,375	10,950	8,855	8,535	7,300
Net earnings	26,252	18,951	12,201	15,218	14,420	12,792	10,156	8,810	8,345	7,450
Dividends declared	7,991	7,562	7,497	7,404	6,130	6,171	4,068	4,055	3,601	2,911
Expenditures for fixed assets	34,547	29,525	36,349	24,187	19,121	12,018	6,941	9,987	8,323	5,456
Year-end position (in thousands)										
Inventories	164,142	136,564	114,201	120,167	104,057	78,531	72,895	62,763	55,170	46,549
Land, buildings and equipment—net	165,615	145,971	128,929	88,250	70,733	60,024	53,549	51,191	45,781	41,676
Total assets	633,454	542,919	479,114	429,966	378,773	327,622	303,545	268,008	233,848	206,510
Working capital	273,876	227,700	202,687	193,961	182,886	167,768	137,370	109,434	92,710	96,850
Long term debt	231,079	211,467	183,158	147,831	131,061	112,464	99,296	75,259	56,863	58,348
Shareholders' equity (book value)	215,153	170,283	156,465	146,979	135,937	125,466	98,956	89,929	84,441	80,575
Per share of capital stock (in dollars)										
Net earnings	1.61	1.21	.78	.99	.94	.89	.75	.65	.62	.56
Dividends declared .....	.48	.48	.48	.48	.40	.42	.30	.30	.26 ² / ₃	.21 ² / ₃
Shareholders' equity (book value)	12.91	10.83	9.99	9.51	8.86	8.22	7.20	6.64	6.25	5.98

	1972	1971	1970	1969	1968 53 semaines	1967	1966	1965	1964	1963 53 semaines
Résultats pour l'exercice (en milliers de dollars)										
Ventes nettes	\$894,066	\$765,778	\$646,888	\$615,011	\$540,663	\$470,298	\$407,759	\$351,708	\$315,135	\$282,042
Provision pour amortissement	12,422	11,125	7,705	6,338	5,170	5,351	4,520	4,282	4,016	3,196
Bénéfices avant impôts sur le revenu	49,947	38,336	24,940	30,844	30,100	26,167	21,106	17,665	16,880	14,750
Provision pour impôts sur le revenu	23,695	19,385	12,739	15,626	15,680	13,375	10,950	8,855	8,535	7,300
Bénéfices nets	26,252	18,951	12,201	15,218	14,420	12,792	10,156	8,810	8,345	7,450
Dividendes déclarés	7,991	7,562	7,497	7,404	6,130	6,171	4,068	4,055	3,601	2,911
Dépenses en immobilisations	34,547	29,525	36,349	24,187	19,121	12,018	6,941	9,987	8,323	5,456
Situation en fin d'exercice (en milliers de dollars)										
Stocks	164,142	136,564	114,201	120,167	104,057	78,531	72,895	62,763	55,170	46,549
Terrain, immeubles et équipement—net	165,615	145,971	128,929	88,250	70,733	60,024	53,549	51,191	45,781	41,676
Actif total	633,454	542,919	479,114	429,966	378,773	327,622	303,545	268,008	233,848	206,510
Fonds de roulement	273,876	227,700	202,687	193,961	182,886	167,768	137,370	109,434	92,710	96,850
Dette à long terme	231,079	211,467	183,158	147,831	131,061	112,464	99,296	75,259	56,863	58,348
Avoir des actionnaires (valeur comptable)	215,153	170,283	156,465	146,979	135,937	125,466	98,956	89,929	84,441	80,575
Par action du capital-actions (en dollars)										
Bénéfices nets	1.61	1.21	.78	.99	.94	.89	.75	.65	.62	.56
Dividendes déclarés .....	.48	.48	.48	.48	.40	.42	.30	.30	.26 $\frac{2}{3}$	.21 $\frac{2}{3}$
Avoir des actionnaires (valeur comptable)	12.91	10.83	9.99	9.51	8.86	8.22	7.20	6.64	6.25	5.98

Les versements sur la dette à long terme échéant à moins d'un an, soit \$2,743,500 d'obligations de première hypothèque, série A, 4 3/4 %, de Simpsons-Sears Limited échéant le 1er avril 1973, et \$443,063 d'hypothèques et obligations de Simpsons-Sears Properties Limited sont compris dans les exigibilités. Les versements en capital sur la dette à long terme pour les exercices postérieurs à 1973, tel qu'indiqué, seront les suivants: 1974—\$12,079,969; 1975—\$1,611,821 (à l'exclusion des débentures garanties à 9 1/2 % de la série J dont il est question ci-après); 1976—\$4,436,165; 1977—\$5,761,550.

Les débentures convertibles à 4 1/2 % sont convertibles au choix du porteur à n'importe quel moment jusqu'au 15 octobre 1978 en 28 1/4 actions de classe A par \$1,000 de montant principal des débentures.

Tout porteur de débentures garanties à 9 1/2 %, série J, de Simpsons-Sears Acceptance Company Limited peut, après le 1er août 1973 et avant le 1er août 1974, opter pour la date d'échéance du 1er février 1975.

5. Billets à court terme et à vue:

Ces billets comprenaient au 3 janvier 1973 des billets à vue d'un montant de \$17,945,000 payables aux banques nanties de débentures garanties de Série A de Simpsons-Sears Acceptance Company Limited.

6. Impôts sur le revenu reportés:

L'amortissement et les autres dépenses déductibles aux fins du calcul de l'impôt sur le revenu pour l'année fiscale terminée le 3 janvier 1973 dépassent le montant de telles dépenses telles qu'elles sont inscrites aux livres. La diminution de \$2,593,000 sur les impôts sur le revenu à payer en décaissant a été imputée aux bénéfices en tant que partie de la provision pour les impôts sur le revenu et classée au poste des impôts sur le revenu reportés.

La partie des impôts sur le revenu reportés se rapportant à la publicité payée d'avance et autres frais faisant partie des disponibilités et se chiffrant à \$1,841,000, a été incluse dans les exigibilités au poste des impôts sur le revenu et autres taxes.

7. Capital-actions:

Par lettres patentes supplémentaires en date du 10 avril 1972, le capital-actions autorisé a été porté à 3,600,000 actions de classe A, 7,200,000 actions de classe B et 7,200,000 actions de classe C.

Par suite de l'exercice des droits, consentis aux actionnaires, de souscrire une action nouvelle au prix de \$29.50 pour chaque tranche de 19 actions détenues le 24 avril 1972, la compagnie a émis, le 1er juin 1972, 134,852 actions de classe A, 347,368 actions de classe B et 347,368 actions de classe C pour une somme de \$24,472,846. En outre, durant l'exercice clos le 3 janvier 1973, \$925,000 en capital de débentures convertibles à 4 1/2 % ont été convertis en 26,095 actions de classe A, 8,150 actions de classe A ont été émises à la Caisse de retraite et de participation aux bénéfices de Simpsons-Sears pour un montant de \$263,541; 35,200 actions de classe A ont été émises dans le cadre du Régime d'achat d'actions par les employés, pour un montant de \$941,600; enfin, 400 actions de classe A ont été émises à l'exercice d'options détenues par des employés pour un montant de \$7,300. Les actions émises à la Caisse de retraite et de participation aux bénéfices de Simpsons-Sears et celles émises aux termes du Régime d'achat d'actions par les employés, l'ont été à la valeur marchande à la date d'émission.

Au 3 janvier 1973, des employés autres que des administrateurs ou des membres de la direction détenaient des options pour la souscription à 900 actions de classe A à \$18.25 l'action.

Les trois classes d'actions ont le même rang à l'exception du fait que les actions de classe A sont sans droit de vote et donnent droit à un dividende préférentiel non-cumulatif de 8 1/4 % par action pour toute année. Après paiement d'un dividende similaire aux porteurs d'actions des classes B et C, toutes les classes ont le même rang en ce qui concerne les dividendes. Les actions de classe A sont inscrites aux bourses de Toronto et de Montréal. Les actions de classe B sont détenues par Simpsons, Limited et les actions de classe C par Sears, Roebuck and Co.

8. Engagements et passifs éventuels:

Le passif non pourvu, pour services passés, aux termes du programme de pension entièrement financé par la compagnie, et qui a été évalué par des actuelles indépendants à \$8,786,000 environ au 3 janvier 1973, doit être amorti par fractions annuelles payables jusqu'en 1989.

Ces locations annuelles dans le cadre de baux à long terme (d'une durée supérieure à cinq ans) atteignent environ \$5,400,000. Simpsons-Sears Limited a garanti sans condition \$15,395,000 de montant principal d'obligations de première hypothèque, 8 %, à fonds d'amortissement de St. Laurent Shopping Centre Limited dues le 1er juin 1993. Simpsons-Sears Limited détient une participation en actions de 65 % dans St. Laurent Shopping Centre Limited et loue à bail un grand magasin dans le centre d'achats.

9. Honoraires des administrateurs et des membres de la direction:

Pour l'exercice clos le 3 janvier 1973, cinq administrateurs ont reçu une rémunération de \$28,400 (\$27,132 en 1971); les neuf autres administrateurs n'ont rien reçu, en tant qu'administrateurs. Les traitements versés à treize membres de la direction, dont deux sont également administrateurs, se sont élevés à \$1,137,687 (\$934,855 en 1971).

Notes aux états financiers consolidés

1. Principes de consolidation:

Les états financiers consolidés comprennent les comptes de toutes les filiales, exception faite de ceux de St. Laurent Shopping Centre Limited, une filiale en propriété partielle, lesquels ne sont pas consolidés, du fait que la participation de Simpsons-Sears Limited dans son avoir net et ses bénéfices est négligeable.

Ils comprennent également ceux de Simpsons-Sears Properties Limited qui possède des biens immobiliers en location à long terme à Simpsons-Sears Limited et pour développement ultérieur. Les actions à droit de vote de Simpsons-Sears Properties Limited, émises pour un montant nominal sont détenues à 50% par Simpsons-Sears Limited, à 25% par Simpsons, Limited et à 25% par Sears, Roebuck and Co.; le solde du capital de participation, comprenant les actions privilégiées participantes et sans droit de vote, est détenu entièrement par Simpsons-Sears Limited. La valeur comptable et la part des gains imputables aux 50% des actions à droit de vote non détenues par Simpsons-Sears Limited sont négligeables et ne figurent pas distinctement dans les états financiers consolidés.

2. Comptes à recevoir:

Comptes clients à tempérament	
Comptes divers	
Moins provision pour créances douteuses	
Selon les usages commerciaux, les comptes clients à tempérament comportent des sommes échéant à plus d'un an.	

3 janvier	5 janvier
\$257,434,170	\$220,966,229
266,360,283	228,767,276
8,926,113	7,801,047
\$257,434,170	\$220,966,229

3. Placements et avances:

Filiale en propriété partielle non consolidée—participation en actions de 65% et billets à intérêt conditionnel de St. Laurent Shopping Centre Limited

Placements sur titres d'autres compagnies—y compris une participation en actions de 25% dans Allstate Insurance Company of Canada et Allstate Life Insurance Company of Canada, une participation en actions de 47% dans Photo Engravers and Electrotypes Limited et une participation en actions de 20% dans John Inglis Co. Limited

Autres placements et avances

4. Dette à long terme:

\$ 2,671,750	\$ 2,671,650
8,122,273	8,022,790
771,576	1,293,173
\$ 11,565,599	\$ 11,987,613

Obligations de première hypothèque de Simpsons-Sears Limited:

Série A, 4½% échéant le 1er avril 1973	
Série B, 4½% échéant le 1er avril 1979	
Série C, 5½% échéant le 15 août 1985	
Série D, 7½% échéant le 15 février 1991	
Debtures convertibles 4½% de Simpsons-Sears Limited échéant le 15 octobre 1988	
Debtures garanties de Simpsons-Sears Acceptance Company Limited:	
Série B, 6½% échéant le 1er février 1980	
Série C, 5½% échéant le 1er février 1980 (\$E.-U. 5,000,000)	
Série D, 5½% échéant le 1er juillet 1981	
Série E, 7½% échéant le 1er mars 1985	
Série F, 6½% échéant le 1er mars 1986	
Série G, 7%, \$2,800,000, échéant le 1er novembre 1976 et \$12,200,000 échéant le 1er novembre 1986	
Série H, 7½% \$2,600,000 échéant le 15 août 1977 et \$12,400,000 échéant le 15 août 1987	
Série I, 8½% échéant le 15 juin 1974	
Série J, 8½% échéant le 15 juin 1989	
Série K, 9½% échéant le 1er février 1990	
Série L, 8½% échéant le 15 mai 1992	

Hypothèques et obligations de Simpsons-Sears Properties Limited—

4½% à 6½% à payer par mensualités sur le capital et les intérêts, avec échéances étalées entre 1985 et 1998, comprenant \$10,980,259 (\$E.-U. 10,229,062) à payer en dollars américains

13,184,259	132,379,695
\$231,079,454	157,379,695
13,184,259	132,379,695
\$211,466,517	—
13,627,922	22,500,000
	8,700,000
	11,300,000
	15,000,000
	15,000,000
	10,000,000
	10,000,000
	15,000,000
	4,879,695
	20,000,000
	65,459,500
	20,000,000
	30,000,000
	9,000,000
	3,702,000
	\$ 2,757,500

Passif

Exigibilités

Billets à vue et à court terme (Note 5)

\$ 65,345,000	A la fin de l'exercice 3 janvier 1973
\$ 51,422,000	A la fin de l'exercice 5 janvier 1972

Comptes à payer	59,507,322	58,826,621
Salaires, loyers, intérêts courus, etc.	24,156,485	20,111,469
Impôts sur le revenu et autres taxes	16,253,479	13,362,232
Contribution à la Caisse de retraite et de participation aux bénéfices de Simpsons-Sears	3,649,998	2,763,068
Versements sur la dette à long terme échéant à moins d'un an	3,186,563	422,559
Dividende à verser le 15 mars 1973	1,999,997	1,892,083

Dette à long terme (Note 4)	174,098,844	148,800,032
Impôts sur le revenu reportés (Note 6)	231,079,454	211,466,517
	13,122,000	12,370,000
	418,300,298	372,636,549

Avoir des actionnaires

Capital-actions (Note 7)

Actions autorisées sans valeur nominale—

3,600,000 actions de classe A

7,200,000 actions de classe B

7,200,000 actions de classe C

Actions émises—

2,766,505 actions de classe A

6,947,368 actions de classe B

6,947,368 actions de classe C

Actions autorisées sans valeur nominale—	33,430,783	27,315,831
Actions émises—	37,747,356	27,500,000
3,600,000 actions de classe A	37,747,356	27,500,000
7,200,000 actions de classe B	108,925,495	82,315,831
7,200,000 actions de classe C	106,227,743	87,966,694
	215,153,238	170,282,525
	\$633,453,536	\$542,919,074

Bénéfices non répartis

Bilan consolidé

Actif

Disponibilités

Encaisse

Comptes à recevoir (Note 2)

Stocks au moindre du coût approximatif ou

de la valeur de réalisation

Publicité payée d'avance et autres frais

Placements et autres avoirs

Placements et avances, au prix coûtant (Note 3)

Billets à recevoir sur ventes d'actions de classe A de

Simpsons-Sears Limited effectuées selon le Régime

d'achat d'actions par les employés

Immobilisations, au prix coûtant

Terrain

Immeubles et améliorations

Equipement et agencements

Moins amortissement accumulé

Escompte et frais non amortis sur obligations et

débiteures

'A la fin de l'exercice
3 janvier 1973

\$ 11,316,373

257,434,170

164,141,878

15,083,078

447,975,499

11,565,599

5,437,339

17,002,938

165,614,537

52,349,265

217,963,802

72,412,247

130,313,946

15,237,609

\$633,453,536

2,860,562

A la fin de l'exercice
5 janvier 1972

\$ 5,795,630

220,966,229

136,564,345

13,173,548

376,499,752

11,987,613

5,696,228

17,683,841

145,970,871

45,069,192

191,040,063

59,647,634

115,889,332

15,503,097

\$542,919,074

2,764,610

Etat consolidé de provenance et d'affectation des fonds

Provenance des fonds		
Bénéfices nets de l'exercice	\$ 26,251,621	\$ 18,950,991
Depenses n'entraînant pas de déboursés courants et déduites avant établissement des bénéfices nets, principalement amortissements et impôts sur le revenu reportés	13,555,104	14,632,600
Fonds provenant de l'exploitation	39,806,725	33,583,591
Produit de l'émission d'obligations et de débentures	24,523,142	29,382,595
Recettes provenant de la vente d'actions du capital-actions (Note 7)	26,868,553	2,003,967
Diminution des investissements et des avances	422,014	(2,537,536)
Disposition d'immobilisations	2,480,924	1,357,792
	94,101,358	63,790,409
Affectation des fonds		
Depenses en immobilisations	34,546,788	29,524,749
Remboursement de la dette à long terme	5,387,063	1,691,059
Dividendes déclarés	7,990,572	7,561,909
Donnant une augmentation du fonds de roulement de	\$ 46,176,935	\$ 25,012,692
Fonds de roulement à la fin de l'exercice	\$2273,876,655	\$2227,699,720

Rapport des vérificateurs

aux actionnaires de Simpsons-Sears Limited:

Nous avons examiné le bilan consolidé de Simpsons-Sears Limited et de ses filiales consolidées au 3 janvier 1973 ainsi que les états consolidés des bénéfices, des bénéfices non répartis et de la provenance et de l'affectation des fonds, pour l'exercice financier clos à cette date. Notre examen a comporté une revue générale des procédés comptables et les sondages des livres et pièces comptables et autres preuves à l'appui que nous avons jugés nécessaires dans les circonstances.

Comptables agréés

David MacKinnon

Toronto, le 9 mars 1973

A notre avis, ces états financiers consolidés présentent fidèlement la situation financière des sociétés au 3 janvier 1973 et leur résultat d'exploitation de même que la provenance et l'affectation de leurs fonds pour l'exercice financier clos à cette date, conformément aux principes comptables généralement reconnus, appliqués de la même manière qu'au cours de l'exercice précédent.

9

Points saillants

1972	1971
\$894,066,000	\$765,778,000
26,252,000	18,951,000
1.61	1.21
7,991,000	7,562,000
.48	.48
215,153,000	170,283,000
12.91	10.83
8,365,000	6,946,000
23,695,000	19,385,000
12,422,000	11,125,000
5,550,000	4,403,000
34,547,000	29,525,000
	1

* Fondé sur la moyenne pondérée des actions en cours durant l'exercice.

Administrateurs	William D. Allport	Jack C. Barrow	G. Allan Burton	James W. Button	Austin T. Cushman	John F. Gallagher	Charles L. Gundy	Jack F. Kincannon	Gordon M. Metcalf	Douglas J. Peacher	William P. Scott	Charles B. Stewart	James M. Tory
Membres de la direction	Jack C. Barrow	Douglas J. Peacher	Alex Campbell	Norman S. Cuthbert	H. Alexander King	Joseph R. O'Keil	Morgan Reid	C. Richard Sharpe	Frederick R. Southmayd	James F. Anderson	J. J. Michael Eagan	Assistant-secrétaire général	
	Président du Conseil et Directeur administratif	Président et Directeur du Conseil des finances	Vice-président, Gestion	Vice-président, Relations extérieures	Vice-président, Personnel	Vice-président et Secrétaire général	Vice-président, Prévisions et expansion	Vice-président, Commercialisation	Vice-président, Finances	Trésorier			

Siège social 222 rue Jarvis, Toronto, Canada M5B 2B8

Agent de virement et d'enregistrement The Royal Trust Company, Toronto, Ont.; Montréal, P.Q.; Calgary, Alta.

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10. Notes aux états financiers
12. Aperçu d'une décennie

Succursales régionales	Halifax, Nouvelle-Ecosse	Toronto, Ontario	Regina, Saskatchewan	Vancouver, Colombie-Britannique	Bureaux de vente	575 dans tout le Canada
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Simpsons-Sears Limited
Rapport annuel 1972

DIRECTORS

WILLIAM D. ALLPORT	CHARLES L. GUNDY
CROWDUS BAKER	JACK F. KINCANNON
JACK C. BARROW	GORDON M. METCALF
G. ALLAN BURTON	DOUGLAS J. PEACHER
JAMES W. BUTTON	WILLIAM P. SCOTT
AUSTIN T. CUSHMAN	CHARLES B. STEWART
JOHN F. GALLAGHER	JAMES M. TORV

OFFICERS

JACK C. BARROW	<i>Chairman of the Board and Chief Executive Officer</i>
DOUGLAS J. PEACHER	<i>President and Chairman of Finance Committee</i>
ALEX CAMPBELL	<i>Vice-President, Retail</i>
NORMAN S. CUTHBERT	<i>Vice-President, Public Relations</i>
H. ALEXANDER KING	<i>Vice-President, Personnel</i>
JOSEPH R. O'KEILL	<i>Vice-President and Secretary</i>
EDWARD A. PICKERING	<i>Vice-President, Catalogue Order</i>
MORGAN REID	<i>Vice-President, Planning and Development</i>
C. RICHARD SHARPE	<i>Vice-President, Merchandising</i>
FREDERICK R. SOUTHWAYD	<i>Vice-President, Finance</i>
JAMES F. ANDERSON	<i>Treasurer</i>
J. J. MICHAEL EAGAN	<i>Assistant Secretary</i>

HEAD OFFICE

222 JARVIS STREET, TORONTO 200, CANADA

TRANSFER AGENT AND REGISTRAR

THE ROYAL TRUST COMPANY
TORONTO, ONT.; MONTREAL, P.Q.; CALGARY, ALTA.

RETAIL STORES AND CATALOGUE OPERATIONS

AR21

MARITIME

Retail Stores
St. John's, Nfld. Fredericton, N.B. Moncton, N.B.
Saint John, N.B.

Catalogue

Maritime Catalogue Centre, Halifax, N.S.
63 Catalogue Sales Offices

CENTRAL

Retail Stores

Chicoutimi, P.Q.
Quebec City, P.Q.
2 Stores
Trois Rivières, P.Q.
Belleville, Ont.
Burlington, Ont.
Dundas, Ont.
Guelph, Ont.
Hamilton, Ont.
Kingston, Ont.

Kitchener, Ont.
Oshawa, Ont.
Ottawa, Ont.
2 Stores
Peterborough Ont.
St. Catharines, Ont.
Sarnia, Ont.
Sault Ste. Marie, Ont.
Thunder Bay, Ont.
Windsor, Ont.

Catalogue

Central Catalogue Centre, Toronto, Ont.
233 Catalogue Sales Offices

MIDWESTERN

Retail Stores

Winnipeg, Man.
2 Stores
Moose Jaw, Sask.
Prince Albert, Sask.
Saskatoon, Sask.

Calgary, Alta.
2 Stores
Edmonton, Alta.
3 Stores
Lethbridge, Alta.

Catalogue

Midwestern Catalogue Centre, Regina, Sask.
173 Catalogue Sales Offices

PACIFIC

Retail Stores

Burnaby, B.C.
Kamloops, B.C.
Kelowna, B.C.
Nanaimo, B.C.

Richmond, B.C.
Surrey, B.C.
Victoria, B.C.

Catalogue

Pacific Catalogue Centre, Vancouver, B.C.
64 Catalogue Sales Offices



SIMPSONS-SEARS

INTERIM REPORT TO SHAREHOLDERS

for
six months ended July 5, 1972



SIMPSONS-SEARS LIMITED

SIMPSONS-SEARS LIMITED
Toronto, Canada

TO THE SHAREHOLDERS:

Consolidated Net Sales for the first six months of 1972 totalled \$389,150,000, an increase of 18.5% over the same period in the previous year. Of this total, approximately 3.6% originated in new retail facilities opened in 1971 and the Spring of 1972 and this provides an increase of 14.2% in sales for the six months on a comparable facilities basis.

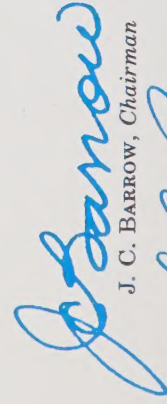
Net Earnings were \$7,216,000 compared with \$5,518,000 in 1971. These earnings were equal to 45¢ per share compared with 35¢ in the previous year based on the weighted average number of shares outstanding during the six months.

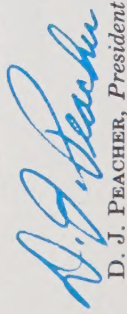
Quarterly dividends of 12¢ were paid to shareholders on March 15 and June 15, 1972 and a dividend of 12¢ per share has been declared payable September 15, 1972.

The outlook appears favourable and we can reasonably expect some improvement in sales and profits during the balance of the year but the improvement probably will not be at as high a ratio as reported for the first six months.

During the first six months of 1972 a total of approximately \$50 million was added to the operating funds of the Company by the introduction of additional equity through a rights issue which added 829,588 shares, of all classes, to the capital stock of the Company and by the sale of debentures issued by Simpsons-Sears Acceptance Company Limited and repayable in 20 years.

A major new retail store opened in Surrey, a suburb of Vancouver, B.C. in May of this year and we will open a retail store in Hull, Quebec, in October, which will be our 43rd store. As previously announced, a large retail store will be opened in Mississauga, Ontario, a suburb of Toronto, and plans are continuing for additional openings which will be announced in due course in a continuation of our expansion program.


J. C. BARROW, Chairman


D. J. PEACHER, President

Aug. 4, 1972

SIMPSONS-SEARS LIMITED and CONSOLIDATED SUBSIDIARY COMPANIES

INTERIM CONSOLIDATED STATEMENT OF EARNINGS

(in thousands)

	For 26 Weeks Ended July 5, 1972	July 7, 1971
Net sales	\$389,150	\$328,458
Earnings before provision for income taxes	13,746	11,466
Provision for income taxes	6,530	5,948
Net earnings for the period	7,216	5,518
Per share	45¢	35¢

Subject to year-end audit and adjustments

SOURCE AND APPLICATION OF FUNDS

(in thousands)

	For 26 Weeks Ended July 5, 1972	July 7, 1971
SOURCE OF FUNDS:		
Net earnings for the 26 weeks	\$ 7,216	\$ 5,518
Non-cash charges deducted in arriving at net earnings, principally depreciation	4,857	4,518
Funds provided from operations	12,073	10,036
Proceeds from sale of bonds and debentures	24,537	29,405
Receipts on sales of capital stock	25,810	1,453
	62,420	40,894
APPLICATION OF FUNDS:		
Additions to fixed assets	12,046	8,722
Increase in investments and advances	242	428
Retirement of long term debt	3,891	1,260
Dividends to shareholders	3,994	3,778
	20,173	14,188
Resulting in an increase in working capital of	\$42,247	\$26,706

Subject to year-end audit and adjustments